

# SENATE BILL REPORT

## SB 5632

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As Reported By Senate Committee On:  
Transportation, February 19, 2007

**Title:** An act relating to proof of financial responsibility or motor vehicle liability insurance.

**Brief Description:** Meeting financial responsibility requirements for automobiles.

**Sponsors:** Senators Kastama, Eide, Delvin, Berkey and Tom.

**Brief History:**

**Committee Activity:** Transportation: 2/19/07 [DPS-FI, DNP].  
Financial Institutions & Insurance: 2/27/07, 2/05/08.

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 5632 be substituted therefor, and the substitute bill do pass and be referred to Committee on Financial Institutions & Insurance.

Signed by Senators Haugen, Chair; Marr, Vice Chair; Swecker, Ranking Minority Member; Benton, Berkey, Clements, Delvin, Eide, Holmquist, Jacobsen, Kastama, Kilmer, Pflug, Sheldon and Spanel.

**Minority Report:** Do not pass.  
Signed by Senator Kauffman.

**Staff:** Janice Baumgardt (786-7319)

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Staff:** Aaron Gutierrez (786-7448)

**Background:** Persons operating vehicles in Washington are required to carry proof that they are covered by a motor vehicle liability insurance policy, self-insurance, a certificate of deposit, or a liability bond. Insurance companies that issue or renew motor vehicle liability insurance policies must provide the policyholder with an insurance identification card. Motorcycle operators are exempt from the requirement of carrying proof of financial responsibility (i.e., insurance ID card), but are not exempt from maintaining the financial responsibility.

**Summary of Bill:** The bill as referred to committee not considered.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**SUMMARY OF RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Transportation):** The Department of Licensing (DOL) is directed to establish a monthly random sampling program. In this program, no more than 3 percent of registered vehicles per year are required to provide proof of financial responsibility. Registered owners who fail to respond within 45 days are required to pay a \$50 penalty and provide proof of financial responsibility the next time they renew the vehicle registration. The proceeds from the \$50 penalty are to be used, after payment of the program costs, for public information campaigns regarding the financial responsibility requirements.

Knowingly providing false information to the DOL on an application for renewal of a vehicle registration is made a misdemeanor.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Transportation):** PRO: This bill will encourage stronger compliance with financial responsibility laws which will make premiums more affordable for all.

A null and void clause was added by committee amendment to the proposed substitute.

**Persons Testifying (Transportation):** PRO: Senator Kastama, prime sponsor; Larry Shannon, Washington State Trial Lawyers Association.

**Staff Summary of Public Testimony (Financial Institutions & Insurance):** PRO: Driving is a privilege. Oregon has a similar random sampling program that verifies proof of insurance beyond the renewal date. Issuing citations for lack of insurance is a large burden on law enforcement, and means time taken away from prosecuting other crimes. It is estimated that one in seven people involved in an accident is uninsured. From 1999 to today, the rate of uninsured motorists is steadily rising.

CON: This is a barrier to employment. Low-income people drive without insurance solely because they cannot afford it. This is especially true in areas with no public transportation. Public assistance programs have not received cost of living adjustments in many years, and expenses have outpaced costs. Punitive action is not the best solution. Affordable insurance is a much better solution.

OTHER: The state does not currently require proof of insurance when renewing tabs. Enforcement efforts in other states have been costly. These costs are passed on to customers. Counterfeiting of insurance cards is rampant. Compulsory insurance has not been effective in eliminating uninsured driving. No states have a pure no-fault system, but some have a system closer to no-fault.

**Persons Testifying (Financial Institutions & Insurance):** PRO: Senator Kastama, prime sponsor.

CON: Robin Zukoski, Columbia Legal Services; Monica Peabody, Parents Organizing for Welfare and Economic Rights.

OTHER: Mike Kappahn, Farmers Insurance; Mel Sorenson, Property and Casualty Insurance Association; Eric Andersen, Department of Licensing.